439 tariffs had increased to 296 per cent of the 1913 level in Bulgaria, to 144 per cent in Yugoslavia, to 140 per cent in Roumania, and to 137 per cent in Czechoslovakia, the Austrian tariffs had actually fallen to 77 per cent of their pre-war level, a fall which, in continental Europe, was surpassed only in Sweden. But it was obvious that this policy could not be permanently maintained in face of high tariffs elsewhere. After the Geneva Conference in 1927 had failed to achieve tangible results with regard to the reduction of trade barriers, Austria too turned towards protectionism to reduce her dependence on a highly unstable world trade. The world preferred to learn the hard way.

361 What of the position of Vienna? When the new Austria, with its 6½ million people, had to take over the economic
631 and administrative centre of a 50-million empire, containing almost 30 per cent of the population of the new Republic, many people thought that this "huge head far too big for a small body" would prove an insoluble economic problem. Actually it soon turned out that the general process of readjustment, described above, also helped to solve this problem. First, it should be noted that while the percentage of the population living in the *capital* was unusually high, the percentage of the *urban* population was quite normal for an industrial country. It was smaller than, for instance, in Great Britain or Switzerland. The establishment of new commercial and government centres did, it is true, hit Vienna badly. The
[464] reduction in the number of civil servants, banking and commercial employees and the unemployment among lawyers, solicitors, etc., created a burden which was mainly concentrated on the capital.

366 But apart from this particular problem which was
368 slowly—all too slowly—mended, it soon became clear that

1 [CA CATEGORY 116, p. 50 --ANALYST]

READJUSTMENT AND CONSOLIDATION

Vienna still had an important economic contribution to make to the country and to the world. Its unique geographic position at Europe's crossroads again attracted a large and growing volume of transit trade which helped to keep the commercial life of the city at a high level. Again, the long-standing knowledge which the Viennese financial institutions had acquired of the Balkan markets gave rise to economic activities and payments from foreign countries which helped to improve the balance of payments. Of still greater importance was the increased activity in the consumer goods and export industries to which Vienna, the main centre of the lighter industries, was particularly well suited. The introduction of a biennial fair made Vienna the main centre of the country's export trade and an important factor in Central and east European trade.

Last, but not least, the economic activities of the Viennese City Council helped considerably to re-establish and stimulate the economic life of the capital.[1] A skilful financial policy had enabled the municipality to avoid a deficit even during the difficult post-war and inflationary years. Now that the position had become easier they embarked on a progressive programme of expenditure on social welfare, educational reform, and—most important from the economic point of view—on an extensive building programme. Building activity had practically come to a standstill during and after the war and the housing shortage was acute. Private building was discouraged by a strict Rent Restriction Act which protected the population from the wild profiteering in rents that would have otherwise occurred. In 1923 the municipality, which had already built 7,259 dwellings between 1919 and 1923, announced that they would build 25,000 new dwellings during the next five years. This was the

[1] [illegible]